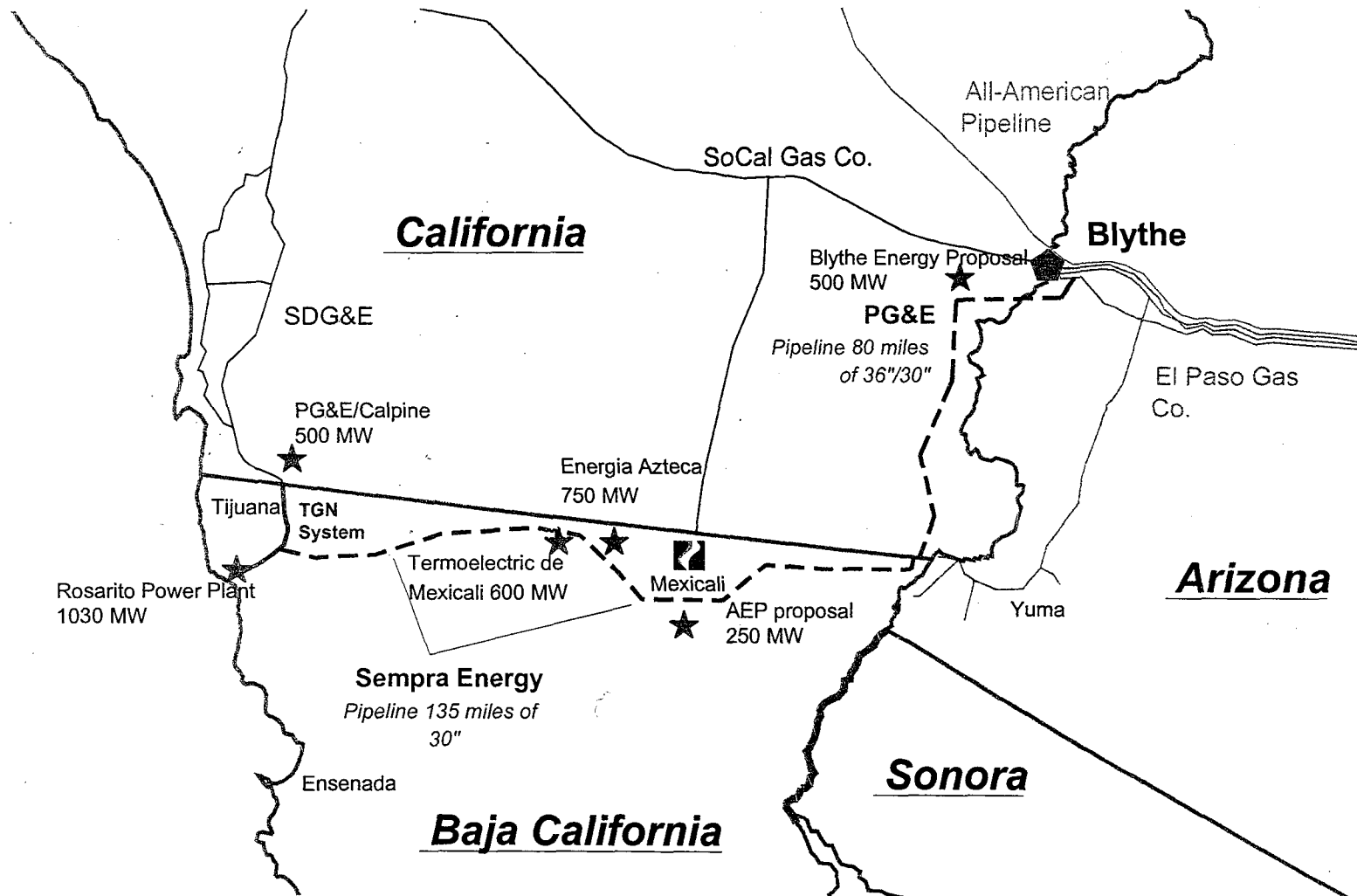


Gasoducto Bajanorte Route and Shippers / Market



Valley Rainbow Interconnect Transmission Line Project

Legislative and Administrative Action:

- In conference action on the Interior and Related Agencies Appropriations bill in October 2001, the Congress **rejected** an amendment introduced by Senator Boxer that would have overridden the Interior Secretary's statutory authority by mandating that the 720-acre Great Oak Ranch be placed into federal trust for the Pechanga Band of Luiseno Mission Indians. We understand that there may be efforts to have a similar provision inserted in the Defense Department Appropriations bill.
- Such an amendment would essentially block the construction of a major new electricity transmission line in California along a previously identified corridor. The amendment also would nullify the pending administrative action before the Bureau of Indian Affairs ("BIA") under which the Interior Secretary will decide whether the entire Great Oak parcel should be taken into trust, or whether some access should be reserved to allow for construction of the electric transmission line.

Valley Rainbow Project Overview and Benefits

- SDG&E's proposed 31-mile Valley Rainbow Interconnect 500,000 volt transmission line will provide a critical second northern link between SDG&E's system and the rest of California and be capable of delivering enough power to serve the energy demands of more than 700,000 homes and businesses.
- The California Independent System Operator ("ISO") has confirmed that a new 500,000 volt transmission line is needed to link the SDG&E system with the rest of the State's electrical grid, and has asked that the Congress and the Administration refrain from placing the Great Oak Ranch into trust at this time because of the critically important need to preserve this transmission line corridor. (See attached letter to Bush Administration officials from Terry M. Winter, President and CEO of the ISO, dated 9/21/01.)
- The San Diego Regional Chamber of Commerce, the San Diego Regional Economic Development Corporation, and the San Diego-Imperial Counties Labor Council have formed a coalition called Southern Californians for Valley Rainbow (www.supportvri.com) to support the expeditious approval and construction of the project. They agree that the proposed transmission line is "critical to helping to solve the long-term energy demands of the San Diego region" and can "help maintain a strong regional economy and job base for many years to come." (Letter to Representative Darrell Issa, dated November 19, 2001.)
- **San Diego Gas & Electric ("SDG&E") supports the efforts of the Pechanga Tribe to take portions of the Great Oak Ranch property into federal trust, so long as the need for a transmission corridor has been addressed and resolved.**
- SDG&E originally sought to accommodate the Pechanga Tribe's concerns about project siting by proposing the construction of the transmission line on the Great Oak property, rather than on reservation land that is owned by the Pechanga Tribe. After SDG&E identified this proposed route, the Pechanga Tribe purchased the Great Oak Ranch and is seeking to have it taken into trust by the United States, thereby taking it out of the reach of state authority.
- SDG&E is interested in working with the Pechanga Tribe to negotiate a corridor through the Great Oak Ranch, or through the environmentally preferred route along the eastern and southern edge of the existing reservation. SDG&E has provided the Pechanga Tribe with substantial offers seeking tribal approval to route the transmission line over either of the potential routes. To date, the Pechanga Tribe has publicly taken the position that it will not likely allow access over either the proposed Great Oak route or the preferred eastern route.

Southern Californians for Valley Rainbow



san diego regional economic
development corporation



www.supportvri.com

November 19, 2001

The Honorable Darrell Issa
United States House of Representatives
North County Government Building
325 South Melrose
Annex Building, Suite 100
Vista, CA 92083

Dear Congressman Issa:

We are writing to you to express our concerns about your position on the Valley Rainbow Interconnect transmission line project. As you may be aware, the San Diego-Imperial Counties Labor Council and the Boards of Directors of the San Diego Regional Chamber of Commerce and the San Diego Regional Economic Development Corporation have endorsed this project. We view the proposed transmission line as critical to helping to solve the long-term energy demands of the San Diego region. By ensuring a reliable delivery of competitively priced power, the Valley Rainbow Interconnect will help maintain a strong regional economy and job base for many years to come.

In the past, you have expressed an understanding about the energy crisis and its effect on your constituents. You have also worked diligently to explore potential solutions in your District that would help avoid future energy shortfalls and outrageous price fluctuations. As a result, we are unclear why you have chosen to publicly oppose this project. The large majority of your District is in the service territory that stands to benefit most from the Valley Rainbow Interconnect.

In addition to current energy needs, San Diego County continues to expand and grow. In fact, SANDAG estimates that at least 800,000 more people will live in San Diego by 2020. New power plants and transmission lines must be built in order to meet the projected demand for energy or we could suffer regular service interruptions in the future. The Valley Rainbow Interconnect project is an essential component of meeting this projected energy demand and avoiding future power outages.

Together with the San Diego-Imperial Counties Labor Council, the Chamber and the EDC have formed a coalition to support the approval and construction of the Valley Rainbow Interconnect. Called Southern Californians for Valley Rainbow, the coalition is comprised of businesses and labor unions throughout Southern California that are concerned about protecting the integrity of our regional economy and stability of related jobs.

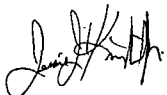
When completed, the Valley Rainbow Interconnect will be capable of delivering enough power to fully meet the energy needs of 700,000 homes and businesses. The line will also ensure the reliable delivery of power throughout Southern California, ensuring that the future energy demands of residents and businesses in your District, and our entire region, are met.

Despite these benefits, we have watched, with concern and confusion, your efforts in joining Senator Boxer in seeking to undermine this project on behalf of the Pechanga Indian Tribe. We can appreciate your commitment to your constituents and the preservation of historic landmarks such as the Great Oak tree near the Pechanga Reservation. However, the Valley Rainbow Interconnect could clearly be constructed without impact to the Great Oak tree. It is our understanding that if the Pechanga Tribe agreed to the environmentally preferred route, the project would be constructed more than a mile away from the Great Oak Ranch property.

Several companies have proposed to build new power plants throughout California and Mexico. There is no doubt these facilities will help address projected power shortages. But building new power plants is only half of the solution. New transmission lines are also needed so energy can be delivered freely to where it is needed most in California. Earlier this year, the California Independent System Operator concluded that there is a "clear and pressing need for a project like the Valley Rainbow Interconnect." We are hopeful that, after the California Public Utilities Commission reviews the relevant facts of this project, they too will come to the same conclusion.

It is our hope that you will reconsider your position on the Valley Rainbow Interconnect and join others in recognizing the critical importance of this much-needed regional energy infrastructure project. Your leadership is needed in order to prevent future reliability problems that could have a detrimental impact to residents and businesses in our region and your District.

Sincerely,



Jessie J. Knight, Jr.
San Diego Regional
Chamber of Commerce



Julie Meier Wright
San Diego Regional
Economic Development Corporation



Jerry Butkiewicz
San Diego-Imperial Counties
Labor Council



CALIFORNIA ISO

California Independent
System Operator

Terry M. Winter
President and Chief Executive Officer

September 21, 2001

Honorable Spencer Abraham
Secretary of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Honorable Gale A. Norton
Secretary of the Interior
1849 C Street, NW
Washington, DC 20240

Honorable James L. Connaughton
Chairman, Council on Environmental Quality
And Chairman, White House Energy Task Force
Executive Office of the President
17th and G Streets, NW
Washington, DC 20503

Dear Secretaries Abraham and Norton and Chairman Connaughton:

I am writing to alert you to a situation in California that underscores the need for a comprehensive policy for the siting of electricity corridors nationwide.

The California Independent System Operator (ISO) is a not-for-profit, public benefit corporation that ensures open and reliable transmission along more than 25,000 circuit miles of California's long-distance, high-voltage power lines. In this pivotal year for California's electricity market, the ISO and other entities throughout the State are actively pursuing solutions to stabilize and balance the market. One of the most important of these solutions is ensuring the development of adequate transmission capability.

A major impediment to achieving adequate transmission resources is the inability to site transmission facilities. Currently, there is only one major transmission interconnection between the San Diego Gas and Electric (SDG&E) system and the rest of the State of California. This line has limited capacity to import or export power between San Diego and the rest of the State, and it represents a potential bottleneck that could affect reliable service to the southern part of the State in the future. While the ISO is not responsible for siting transmission lines, we did evaluate a number of transmission alternatives to determine whether they would meet current and future reliability requirements. In March, 2001, the ISO recommended that a new 500 kV transmission line be constructed linking the SDG&E system with the rest of the State's electrical grid by the year 2004.

Upon this recommendation, SDG&E filed its application for a Certificate of Public Convenience and Necessity for a 500 kV Interconnect Project ("Valley-Rainbow") with the California Public Utilities Commission (CPUC). The proposed transmission line, which is part of a broader strategy to support reliable service to California consumers, would extend from an existing

Southern California Edison substation in Riverside county to a proposed substation in San Diego county. The line would significantly increase the import and export capacity of the SDG&E system to California load centers, benefiting all of the State's consumers.

The CPUC application identified both a preferred and a proposed alternative route for the new transmission line. The preferred route was along the easternmost and a portion of the southernmost sides of the Pachanga Indian Reservation, adjacent to the Cleveland National Forest and the Agua Tibia Wilderness Area. However, because the Pachanga Tribe expressed concerns with the location of the transmission line on existing Reservation land, SDG&E proposed the alternative route through a property ("Great Oak property") owned in fee by private citizens. After SDG&E selected this alternative route and filed its application with the CPUC in March, 2001, the Pachanga Tribe purchased the property and asked that the land be taken into trust administratively by the U.S. Department of the Interior. Subsequently, and after SDG&E expressed concern in the record for the administrative action, a legislative rider which would mandate that the land be taken into trust was attached to the Senate Interior Appropriations bill, S. 2217, as Section 132.

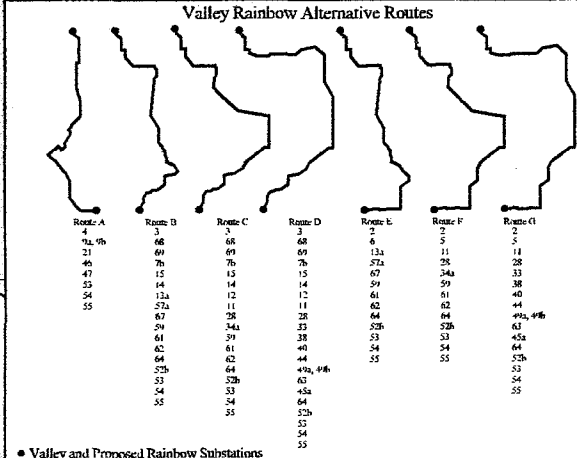
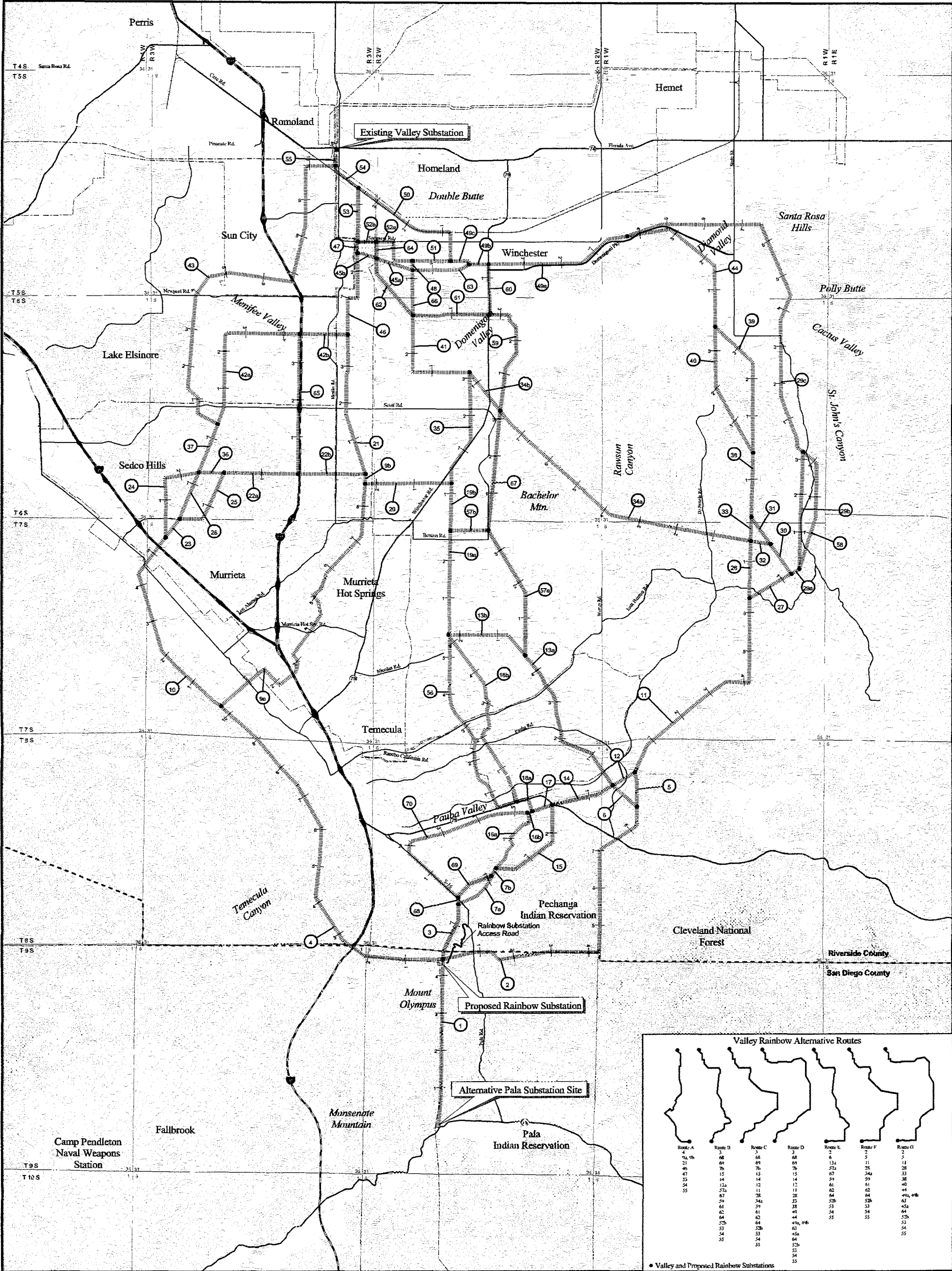
The California ISO is concerned that these actions, if carried out, will effectively block any transmission line, since the Tribe has stated publicly that it would not allow a right-of-way across these or other Reservation lands. Given the critical need for new transmission capacity in southern California and the significant investment in planning and evaluation that has already been devoted to this matter, I hope that both the federal government and the Congress refrain from decisions on the pending land-in-trust issues until SDG&E and the Tribe have had adequate opportunity to achieve a negotiated agreement on an appropriate corridor for the line.

The Valley-Rainbow situation illustrates an increasing problem that we are facing in the siting of transmission resources, particularly as energy markets and transmission systems become more regional in nature. I believe that the United States would greatly benefit from a national policy on transmission planning, in which appropriate corridors are identified through coordinated efforts of the federal government, the states, tribes and other interested parties. Once corridors have been identified, the federal government should have the authority to determine rights of way for transmission and to prevent late intervention in the process by legislative or administrative means. Without such protections, it will be increasingly difficult to ensure that consumers have reliable and affordable electricity.

Thank you very much for your consideration of this request. Please don't hesitate to contact me if you have any questions.

Sincerely,


Terry M. Winter
President and Chief Executive Officer



Basic Map Symbols			
	Interstate Freeway		Existing Transmission Line
	State Highway		Stream
	Arterial Road		Canal/Aqueduct
	Local Road		County Line
	Railroad		Contour
	Link Number		Link Node
	Indian Reservation		USDA Forest Service
	Department of Defense		Public Land Survey System
	Lake/River/Pond		Route B - Proposed Alternative Route
	Alternative Routes		Township and Range

VALLEY RAINBOW MAP 3

Proposed Alternative Route

VALLEY RAINBOW INTERCONNECT

1:80,000

SOUTHERN CALIFORNIA GAS & ELECTRIC COMPANY

TANNER ENGINEERS

Date of Last Revision: 02/01/01